BILL NO. 88

Local Bill

1st Session, 60th General Assembly
Nova Scotia
55 Elizabeth II, 2006

An Act Respecting the Taxation of Stora Enso Port Hawkesbury Limited by the Municipality of the County of Richmond

CHAPTER 51
ACTS OF 2006

AS ASSENTED TO BY THE LIEUTENANT GOVERNOR
NOVEMBER 23, 2006

Michel Samson
Richmond

Halifax, Nova Scotia
Printed by Authority of the Speaker of the House of Assembly

An Act Respecting the Taxation of Stora Enso Port Hawkesbury Limited by the Municipality of the County of Richmond

Be it enacted by the Governor and Assembly as follows:

1 This Act may be cited as the *Richmond Stora Enso Taxation Act*.

2 Notwithstanding the *Assessment Act*, the *Municipal Government Act* or any other enactment, the Municipality of the County of Richmond is hereby authorized to tax Stora Enso Port Hawkesbury Limited to the extent and on the terms and conditions set out in the agreement between the parties, being the Letter of Intent dated May 25, 2006, the text of which is set out in the Schedule to this Act and the terms set out in paragraph 1 of that letter are hereby enacted for the term of the agreement.

3 Notwithstanding the *Assessment Act,* the *Municipal Grants Act* or any other enactment, for the purposes of the calculation of uniform assessment pursuant to Section 14 of the *Municipal Grants Act*, the capitalized value of taxes payable in municipal taxation years 2006-2007 through to and including taxation year 2015-2016 shall be used in place of taxable assessment.

4 Taxes payable pursuant to this Act are a first lien on the property of Stora Enso Port Hawkesbury Limited in accordance with the *Municipal Government Act*.

5 This Act has retroactive effect to the extent necessary to authorize the terms of the Letter of Intent referred to in Section 2.

6 When the Letter of Intent referred to in Section 2 is not in effect between the parties, taxation of Stora Enso Port Hawkesbury Limited by the Municipality of the County of Richmond shall be in the usual manner.

SCHEDULE

Stora Enso Port Hawkesbury Limited — May 25, 2006

Attention:

President and General Manager

Dear Mr. Suther:

Re: Tax Agreement

Further to the recent discussions held between Stora Enso Port Hawkesbury Limited and the Muncipality of the County of Richmond, I/we wish to confirm the principal terms and conditions of our proposed tax agreement by this letter of intent.

These principal terms and conditions are as follows.

1. Specific tax legislation

The Municipality will approach the Province of Nova Scotia to enact legislation setting municipal taxation of Stora Enso Port Hawkesbury Limited for the next ten years. Terms sought will include the following:

- fixing municipal taxation for a ten-year period, commencing 1 April 2006 and ending 31 March 2016, inclusive;
- fixing Stora Enso Port Hawkesbury Limited's base payment, being the payment for Year I (1 April 2006 to 31 March 2007), at $2.5 Million (Dollars), payable by Stora Enso Port Hawkesbury Limited to the Municipality of the County of Richmond;
- indexing payments for each subsequent year to the Canadian Consumer Price Index (CCPI), applying 50% of CCPI increase that year up to a maximum of 5% total increase on the preceding year's payment;
- providing that municipal taxation of Stora Enso Port Hawkesbury Limited by the Municipality of the County of Richmond for the 10-year period shall be pursuant to this specific tax legislation, and shall not be subject to the annual assessments pursuant to the Assessment Act;
- providing that capital assets acquired directly, or by lease, by Stora Enso Port Hawkesbury Limited, during the 10 year term of this agreement, will not be subject to further property taxes during the term of this agreement;
- requiring payment to the Municipality of the County of Richmond by Stora Enso Port Hawkesbury Limited through semi-annual tax billing by the Municipality of the County of Richmond in April and September of each year.

2. Tax Payments

Stora Enso Port Hawkesbury Limited will make payments in accordance with the proposed specific tax legislation directly to the Municipality of the County of Richmond during the 10-year term.

3. Dismissal of Outstanding Appeals and Court Actions

Stora Enso Port Hawkesbury Limited shall file and obtain dismissal of all outstanding assessment appeals and court applications and / or actions in respect of the assessment, assessability and / or taxation of its property. Without limiting the generality of the foregoing, the following shall be dismissed:

- Assessment appeals (2004) in re Assessment Accounts #06437109, #06437125;
- Assessment appeals (2005) in re Assessment Accounts #06437109, #06437125;
- Assessment appeals (2006) in re Assessment Accounts #06437109, #06437125;
- Application to Supreme Court of Nova Scotia, Court File S.H. No. 250726; and
- such other related appeals or court proceedings

and the parties hereto shall waive costs against each other in the same.

4. Taxes Paid

The Municipality will accept the $3,093,014 for year ending 31 March 2005; and $3,078,006 for year ending 31 March 2006 as comprising full and final satisfaction of property taxes owed to the Municipality by Stora Enso Port Hawkesbury Limited for those tax years.

5. Resumption of Ordinary Operations

The resolution of its current labour dispute by Stora Enso Port Hawkesbury Limited, and the return of its work force, including the start-up of both paper machines and resumption of ordinary plant operations and production, shall be a condition precedent to the Municipality's obligations herein.

6. Enabling Legislation

This entire agreement is dependent upon the enactment and coming into force of the enabling legislation described here above. The parties will cooperate with the Province in the drafting of the legislation.

7. Exclusivity

The tax agreement contemplated and described herein is to be exclusive to these two parties and is not negotiated on behalf of nor intended to benefit any other, including any other municipality, and Stora Enso Port Hawkesbury Limited agrees that it is not and will not solicit or discuss or enter into similar negotiations with any other municipality which may seek to exercise some interest in the subject property and operations.

8. Costs and expenses

Each party will be responsible for its own legal, accounting and other costs and expenses incurred in connection with the proposed legislation and this agreement.

9. Plant Closure

In the event that the mill is closed on a permanent basis, this agreement is terminated, and future property taxes will be subject to the normal property assessment and taxation process in place at the time for the Municipality of Richmond.

10. Governing Law

The agreement between the parties and all related documents shall be governed by the laws of the Province of Nova Scotia and the federal laws of Canada applicable in that province and each party irrevocably and unconditionally submits to the jurisdiction of the courts of that province.

11. Legal Effect of this Letter

You and we acknowledge that this letter is intended to be binding and to give rise to binding legal obligations between the parties conditional on the enactment and coming into force of the specific Provincial tax legislation and the other terms and conditions as are set out here above.

Yours very truly,

Municipality of the County of Richmond

(signed)

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By Louis A. Digout, CAO

(signed)

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By Richard Cotton, Warden

ACCEPTED AND AGREED:

Stora Enso Port Hawkesbury Limited

(signed)

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By Tor Suther, President and General Manager

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